

Press Release**Ciech takes over German soda manufacturer, Sodawerk Staßfurt**

Contracts were signed on November 21st in Berlin, as a result of which Ciech SA will take control of the German soda manufacturer, Sodawerk Staßfurt (SWS KG). The transaction will be finalised upon the consent of the Federal Cartel Office (Bundeskartellamt).

The contracts having been signed, Ciech SA became the owner of 90% of the shares in the target company, Soda Deutschland Ciech, which will take over 100% of the shares in Sodawerk Holding Staßfurt for EUR 75,000,000, to which German soda producer Sodawerk Staßfurt GmbH & Co. KG (SWS KG) belongs directly and indirectly.

The remaining 10% of the shares in Soda Deutschland Ciech belong to Mr. Jochen Ohm, the existing shareholder of Sodawerk Holding Staßfurt and the President of the SWS KG Management Board. The shareholders of Soda Deutschland Ciech agreed that by the end of 2009 Ciech SA would have acquired the shares held by Mr. J. Ohm in Soda Deutschland Ciech, thus becoming the sole owner of the company. In the meantime, Mr. Jochen Ohm will be the President of the Management Board of Soda Deutschland Ciech.

The transaction shall be finalised from Ciech SA's own resources (EUR 15 million) and inflows acquired from issues of bonds (EUR 60 million).

In addition to Ciech SA's managers the following external advisors took part in the transaction preparation: Roland Berger Strategy Consultants, KPMG, Salans Law Office, WS Atkins-Polska and the WSP Group.

Improvement on the European soda market

SWS KG, over which Ciech SA will take control as a result of the concluded contracts, is a manufacturer of light and dense soda ash and baking soda, with a manufacturing capacity of up to 450 tonnes annually. This means the manufacturing capacity of the Ciech Chemical Group along with Soda Polska Ciech and USG Govora will increase to 1.8 million tonnes of soda annually and, after finalisation of the pending and planned investments, even to as much as 2.3 million tonnes (in 2009). Thanks to this the Ciech Group will strengthen its position as second largest soda manufacturer in Europe, holding an approx. 14% share.

After inclusion of SWS KG in the Ciech SA Soda Division a synergy effect will be achieved in numerous markets. In the case of soda ash, synergies in logistics and sales are expected in the German market, where Ciech Group's share will increase to 35%, and in the Czech market as well (share increase to 77%). In the case of baking soda, German and Danish market synergies are anticipated.

After acquisition of SWS KG, annual sales revenues for the Ciech Group will increase by approx. PLN 280 million, while the soda segment share will increase from 27% to 32% and will be equal to

the organic segment revenues (34%). Furthermore, the acquisition will help increase the Group profits.

Prompt growth of the Ciech Group

After the first three quarters of 2007, the consolidated net profit of the Ciech Group amounted to PLN 222.8 million (an increase of 77.6% compared to the corresponding period last year), while sales revenues stood at PLN 2,633.8 million (an increase of 70%). This prompt increase in the financial results was possible thanks to acquisitions made in 2006 (ZCh Zachem, ZCh Organika-Sarzyna, and USG Govora in Romania), pending integration and restructuring inside the Group and completion of material investments.

The current strategy for the Ciech Chemical Group for 2007 - 2011 provides for further investments in developing the manufacturing capacity and acquisitions, which will allow it to reach sales revenues of PLN 5.6 - 8 billion in 2011. Innovative investments as well as research and development are the key elements of the strategy. This year's expenditure of the Group for these purposes will increase to PLN 87 million (an increase by 35%) corresponding to 2.6% of the sales revenues, while in 2008 they will increase by 12%, to approx. PLN 100 million.

The Ciech Chemical Group is the largest chemical group in Poland and second largest manufacturer of soda ash in Europe. It comprises over 30 companies, eight forming the most important manufacturing companies. In addition to soda ash, the other main products of the Group are: salt, phosphate fertilisers, plant protection agents, epoxy resins, raw materials to produce foams and other basic chemicals for glass-making, furniture, construction and agriculture. With an annual income of approx. PLN 3.5 billion, the Ciech Chemical Group is acknowledged to be a top hundred enterprises in Poland.

Since February 2005 Ciech SA has been quoted on the Warsaw Stock Exchange (GPW). The State Treasury (36.68 shares and votes at the General Meeting of Shareholders), Pioneer Pekao Investment Management SA (12.52 Otwarty Fundusz Emerytalny PZU "Złota Jesień" (6.12%).

For more information please visit the web site www.ciech.com.

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